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April 3, 1997

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Federal Communications Commission  
Office of Secretary

Mr. William F. Caton  
Acting Secretary  
Federal Communications Commission  
1919 M Street, N.W., Room 222  
Washington, DC 20554

RE: Ex Parte Meeting - CC Docket No. 96-45, Federal-State Joint  
Board on Universal Service

Dear Secretary Caton:

On Thursday, April 3, 1997, Mr. Walker Crewson and Mr. Charles DeVoe of the New York State Education Department met with Ms. Jackie Chorney, Assistant to Chairman Hundt, and Mr. Jamie Rubin of the Office of General Counsel; and individually with Mr. James Casserly, Senior Legal Advisor to Commissioner Ness; Mr. Daniel Gonzales, Legal Advisor to Commissioner Chong; and Ms. Kathleen Levitz, Deputy Chief of the Common Carrier Bureau; for the purpose of describing the Recommended Plan for Discounting Intrastate Telecommunications Services for Schools and Libraries prepared by the New York Committee for Schools and Libraries. Mr. Richard Stannard, Director of the Communications Division of the New York State Department of Public Service, and I accompanied the Education Department officials.

In accordance with Section 1.1206(a)(2) of the Commission's Rules, two (2) copies of this Notice and the written material distributed are being filed with the Secretary.

Sincerely,

Penny Rubin  
Managing Attorney  
Office of General Counsel

Attachments

cc: Mr. James Casserly w/o Attachments  
Ms. Jackie Chorney w/o Attachments  
Mr. Daniel Gonzales w/o Attachments  
Ms. Kathleen Levitz w/o Attachments  
Mr. Jamie Rubin w/o Attachments

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# **SCHOOLS AND LIBRARIES INTRASTATE TELECOMMUNICATIONS SERVICES FUND**



**Operational Procedures**

**and**

**Oversight Committee**

**Manual**

**DATE: April 2, 1997**

**BY: New York Committee for  
Schools and Libraries**

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## I. FOREWORD

The federal Telecommunications Act of 1996 (the Act) directs the states to establish discounts on intrastate telecommunications services for schools and libraries. In establishing the process for review of universal service (Cases 94-C-0095 and 28425), the New York State Public Service Commission directed the parties to address "the amount of discount appropriate for educational facilities and libraries, and how the foregone revenues should be compensated."

To meet this mandate, and to implement the federal requirements in New York, an Administrative Law Judge and advisory Department of Public Service staff convened a committee of representatives from the State Education Department (SED), the school and library communities, the telecommunications and cable industries, and advocacy groups to collaborate and craft *A Recommended Plan For Discounting Intrastate Telecommunications Services for Schools and Libraries*. In this report, the Committee has recommended a Schools and Libraries Intrastate Telecommunications Services Fund (SLITSF) to be established as the mechanism to ensure the proper funding for the schools and libraries discount program. The Committee additionally recommended that the New York Intrastate Access Settlement Pool serve as the fund administrator (Administrator). Authority for the establishment of the SLITSF and the general guidelines for its operation and administration would be provided as part of the regulatory procedures promulgated by the Commission.

An Oversight Committee will be established to monitor and evaluate the School and Library Discount Program. This Committee will be composed of representatives from schools and libraries, the telecommunications industry, and staff from the PSC and SED.

The Fund Administration Advisory Subcommittee will oversee the SLITSF Operations in accordance with established procedures and policies as set forth in this SLITSF Operational Procedures Manual (Manual). The Manual is intended to comply with the Commission's order in this proceeding.

The Manual will only be modified by the Oversight Committee. Any proposed changes affecting the method of the SLITSF funding or distribution would be submitted to the Commission for approval.

## II. ORGANIZATION

### A. REGULATORY OVERSIGHT

The Commission shall have regulatory oversight of the Schools and Libraries Intrastate Telecommunications Services Fund. The Manual as developed by the New York Committee for Schools and Libraries, will be submitted to the Commission Staff ("Staff" always refers PSC

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staff) for approval and will not be substantively modified without the prior approval of the Commission. The Commission Staff will ultimately ensure that the SLITSF is achieving the goal of providing adequate funding of the School and Library Discount Program.

The Staff will be assigned to participate in the proceedings of the Oversight committee and, on behalf of the Committee, will act as the liaison with the Commission. The Staff shall have access to review all detailed revenue and cost data collected from each SLITSF Participant. The Staff shall assure that all proprietary company information that it reviews will be kept confidential. The Staff shall provide assistance to the Administrator in obtaining data and funding from the SLITSF Participants, when such assistance is requested.

## **B. ADVISORY COMMITTEES**

### **OVERSIGHT COMMITTEE**

An Oversight Committee will be established to monitor and evaluate the School and Library Discount Program. The Oversight Committee will select a Chair and a Vice-Chair for one-year terms. Terms of service will be staggered so the Vice-Chair will succeed the Chair. Selections of Vice-Chair will be held annually. A Secretary will also be appointed for an annual term.

The Oversight Committee will make all recommendations and file reports to the Staff, specifically the Director, Communications Division, or the appropriate designee.

Responsibilities of the Oversight Committee include, but are not limited to:

- Monitor and advise (non-binding recommendations) to the Commission and constituents of the Oversight Committee on disputes that may arise between schools/libraries and carriers over eligibility, discount rates, and program procedures. This role will in no way supersede the Commission's dispute resolution process. Rather, it may help to avoid complaints where straightforward clarification may be all that is called for.
- Review and make recommendations regarding fund administrator's summary reports and other specific data requests.
- Evaluate and propose annual adjustments to level of funds and service demands consistent with the Order of the Commission.
- Analyze level of participation and propose administrative and public information initiatives to encourage broadest possible participation.
- Review and advise on school and library certification process and eligibility.

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- Evaluate program's success in terms of providing schools and libraries with full, equitable, and affordable access to advanced telecommunications services.
- Evaluate level of services in order to determine whether schools and libraries are taking advantage of advanced telecommunications and information services.
- Review the impact of program on the competitive marketplace for: vertical services/"custom calling" features; voice messaging; Centrex/PBX; and inside wiring.
- Review, compare, and coordinate summary report results with stated program outcomes of existing federal and state education/research programs.
- Review administrative procedures to ensure that the application of discounts is not inhibiting schools and libraries from changing carriers.
- Evaluate administrative procedures as they relate to the eligibility of third parties such as colleges, universities, municipalities, associations, or other consortia acting as aggregators on behalf of schools and libraries to participate in the discount program.
- Oversee general management of the SLITSF and shall ensure that all SLITSF related orders and resolutions of the Fund Administration Subcommittee are implemented.
- The full Oversight Committee, in consultation with the Fund Administration Subcommittee and the Administrator, has authority to make recommendations to request the Commission to adjust the level of the SLITSF and the SAS surcharge. In addition, the Oversight Committee will have authority to make recommendations to the Commission on the discount rate structure and other possible "extraordinary" actions, when necessary.

The Oversight Committee shall be made up of nineteen members representing the following SLITSF Participants:

- IXC
- Large ILEC
- Other ILEC
- CLEC
- Cellular/PCS
- Cable TV Provider
- New York City School
- "Big 5" (non- NYC) school

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- BOCES
- Non-Public school
- Public school (non-BOCES and non "Big 5)
- Higher education institution
- Public library/library system
- School library/library system
- Academic/special library/library system
- New York Library Association
- SED Division of Library Development
- PSC
- SED

The Oversight Committee will appoint and delegate authority, as described in section IIB, to two subcommittees: the Fund Administration Subcommittee and the Program Review Subcommittee. Membership on the Subcommittees should be voluntary, self-selected, and reflective of Oversight Committee membership. In particular, carriers and non-carriers should be represented on both subcommittees. The Chair of the Oversight Committee will serve as a member of the Fund Administration Subcommittee and the Vice Chair will serve as member of The Program Review Committee. The Secretary to the Oversight Committee will serve as an ex-officio member of both subcommittees.

#### **FUND ADMINISTRATION SUBCOMMITTEE**

The Oversight Committee will appoint a Fund Administration Subcommittee to oversee the operations of the SLITSF in compliance with the Commission Order and the approved Manual.

The Rules for Governance of the Fund Administration Subcommittee are as follows:

1. The Fund Administration Subcommittee shall be composed of no more than seven members representing the constituent makeup of the Oversight Committee.
2. Each SLITSF Participant is responsible for selecting its own representative(s) to serve on the Fund Administration Subcommittee. The selection process may be conducted by each segments own industry trade organization or through collaborative process by Participant members. The Subcommittee shall be in place within 30 days from the establishment of the Oversight Committee.
3. Any SLITSF Participant member is represented on the Fund Administration Subcommittee by the individual selected to represent the segment to which the SLITSF Participant belongs.

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4. The term of service for Fund Administration Subcommittee members is two years. Should a Fund Administration Subcommittee member resign before completing the full term of service, the Participant with the vacated seat shall select a replacement Fund Administration Subcommittee member to serve the balance of the term.
5. Selection of the Fund Administration Subcommittee officials will be held annually. The Subcommittee will select one Chair, one Vice-Chair, one Secretary and such other officers as deemed necessary. Terms of Chair and Vice-Chair will be staggered so Vice-Chair can succeed Chair.
6. During the absence or disability of the Chair, the Vice-Chair shall have all the powers and functions of the Chair. The Vice-Chair shall perform such duties as the Oversight Committee shall prescribe.
7. A majority of the members of the Fund Administration Subcommittee shall constitute a quorum for the transaction of business or of any specified item of business.
8. The vote of the majority of the Fund Administration Subcommittee members present at the time of the vote, if a quorum is present at such time, shall be the act of the Fund Administration Subcommittee. Each Fund Administration Subcommittee member present shall have one vote.
9. The Fund Administration Subcommittee will meet regularly, either Monthly or Quarterly as it shall determine, to review the routine SLITSF operations with the first meeting to be held no later than 30 days following the establishment of the Oversight Committee. The meeting of the Fund Administration Subcommittee may be conducted either in person or via conference call, according to directions of the Chair.
10. The members of the Fund Administration Subcommittee shall be reimbursed for travel and other out of pocket expenses associated with attending Fund Administration Subcommittee meetings. Expenses for which a member seeks reimbursement must be deemed reasonable and customary and shall be accompanied by the appropriate supporting documentation (e.g. receipts, vouchers, etc). The Administrator shall include those expenses as part of the normal SLITSF expense reports.
11. Special meetings of the Fund Administration Subcommittee may be called upon the request of any Fund Administration Subcommittee member or the Administrator. Notice of the meeting shall be distributed to all members at least ten days but no more than fifty days before the scheduled date of such meeting. Such notice shall state the date, time, place and purpose of the meeting and by whom it was called.

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12. Any SLITSF Participant or Fund Administration Subcommittee member may appeal any decision of the Oversight Committee to the Commission.
13. The Administrator will provide all SLITSF related operational and expense reports to the Fund Administration Subcommittee on a routine basis.

#### Responsibilities for Fund Administration Subcommittee

1. Oversee the operations of the SLITSF in compliance with the Commission Order and the approved Manual.
2. Oversight responsibilities of Subcommittee shall be limited to SLITSF operations only, and shall not extend to any of the Access Pool's other operations.
3. Review and approve any suggested modifications, additions or deletions to the Manual. Any recommended changes are then to be referred to the Oversight Committee for final disposition. Changes to the Manual that significantly alter the method of funding or distribution of SLITSF, however, will require prior approval of the Commission. All changes shall be forwarded to Staff for informational purposes.

#### PROGRAM REVIEW SUBCOMMITTEE

The Oversight Committee will also appoint a Program Review Subcommittee to evaluate program performance in terms of the educational impact of the discount program..

The Rules for Governance of the Program Review Subcommittee are as follows:

1. The Program Review Subcommittee shall be composed of no more than nine members representing the constituent makeup of the Oversight Committee. Because of the nature of the Subcommittee's work, at least seven of the members should be representatives of the schools and libraries and SED staff.
2. Each SLITSF Participant is responsible for selecting its own representative(s) to serve on the Program Review Subcommittee. The selection process may be conducted by each Participant's own industry trade organization or through collaborative process by segment members. The Subcommittee shall be in place within 30 days from the establishment of the Oversight Committee.



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3. Any SLITSF Participant member is represented on the Program Review Subcommittee by the individual selected to represent the segment to which the SLITSF Participant belongs.
4. The term of service for Program Review Subcommittee members is two years. Should a Program Review Subcommittee member resign before completing the full term of service, the Participant with the vacated seat shall select a replacement Program Review Subcommittee member to serve the balance of the term.
5. Selection of the Program Review Subcommittee officials will be held annually. The Subcommittee will select one Chair, one Vice-Chair, one Secretary and such other officers as deemed necessary. Terms of Chair and Vice-Chair will be staggered so Vice-Chair can succeed Chair.
6. During the absence or disability of the Chair, the Vice-Chair shall have all the powers and functions of the Chair. The Vice-Chair shall perform such duties as the Oversight Committee shall prescribe.
7. A majority of the members of the Program Review Subcommittee shall constitute a quorum for the transaction of business or of any specified item of business.
8. The vote of the majority of the Program Review Subcommittee members present at the time of the vote, if a quorum is present at such time, shall be the act of the Program Review Subcommittee. Each Program Review Subcommittee member present shall have one vote.
9. The Program Review Subcommittee will meet quarterly in the first year, with the first meeting to be held no later than 30 days following the establishment of the Oversight Committee, and semi-annually in succeeding years of the program.
10. The members of the Program Review Subcommittee shall be reimbursed for travel and other out of pocket expenses associated with attending Program Review Subcommittee meetings. Expenses for which a member seeks reimbursement must be deemed reasonable and customary and shall be accompanied by the appropriate supporting documentation (e.g. receipts, vouchers, etc). The Administrator shall include those expenses as part of the normal SLITSF expense reports.

#### **Responsibilities for Program Review Subcommittee**

1. Determine how many schools and libraries are taking advantage of discount program.

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2. Ensure that discount program is coordinated with other state and federal technology programs such as Technology Literacy Program and Electronic Doorway Library Services Program. The Program Review Subcommittee should encourage all technology programs to include the discounts in their planning.
3. Oversee and evaluate new applications development in terms of their consistency with curriculum standards and assessment system.
4. Ensure that all instructional planning in the use of technology is consistent with school improvement needs of student.
5. Review availability and effectiveness of professional development programs in terms of their support of instructional and research programs using technology. Both pre- and in-service programs for teachers and librarians should be considered.
6. Determine the number and extent of collaborative relationships among K-12, libraries, colleges, universities, museums, government agencies. The Subcommittee should encourage and assist institutions to make these collaborative arrangements to develop new applications and professional development programs. Changes to discount program administrative structure should be made accordingly to facilitate these arrangements.
7. Review the reinvestment of savings from discounts to determine if they are being applied to the purchase of more advanced telecommunications services, hardware, telecommunications infrastructure, professional development programs, content development, access to advanced information services, and sharing of resources between and among schools and libraries.
8. Within two first meetings of Committee, develop series of "deliverables" or outcomes for annual evaluation and report of discount programs. Possible deliverables could include: documented learning experiences employing the use of technology across the curricula for research and communications; measurable student outcomes resulting from the use of technology; empirical verification of increased access to telecommunications and information resources by students and citizens; whether more information resources such as databases are available to public; etc.
9. Determine extent to which school libraries are included in planning for, and implementation of, discount program.
10. Determine effects of geographic location, poverty, and high telecommunications costs on the ability of institutions to participate in program.

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11. Assure that institutions are aware of discount program through existing communications channels and other public information means developed and recommended by the Oversight Committee.
12. Provide semi-annual program performance reports to the Oversight Committee and, when appropriate, make recommendations on program changes to the Oversight Committee and the Staff. Copies of all reports and recommendations should go the Commissioner of Education.

**C. SCHOOLS AND LIBRARIES INTRASTATE TELECOMMUNICATIONS SERVICES FUND**

**1. GENERAL**

The Administrator will administer the SLITSF as prescribed by the Commission and directed by the Fund Administration Subcommittee, under authority by the Oversight Committee. The operational procedures for the administration of the SLITSF shall be approved by the Fund Administration Subcommittee and submitted to the Staff for final authorization.

The Administrator shall notify the Commission of any regulated telecommunications carrier that refuses to participate.

**2. INTEREXCHANGE OF DATA**

The mechanics involved with administering the SLITSF require that telecommunications companies make information available to the Administrator that may be considered proprietary. However sensitive, the exchange of certain data is essential, and as such the Administrator for its part shall use commercially reasonable efforts to maintain the confidentiality of all information it receives from the companies.

Each SLITSF Participant is required to complete all appropriate data requests and submit the responses in a timely manner to the Administrator. Each telecommunications company will provide the Administrator with one company contact who shall be responsible for all communications.

**3. GUIDELINES FOR PUBLISHING AND AVAILABILITY OF DATA**

The New York Committee for Schools and Libraries recommends that the level of detail to be published is on a "need-to-know" basis only. This guideline is intended to protect the proprietary nature of individual company data. Whereas detailed cost and revenue data must be

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used by the Administrator to calculate SLITSF settlements, the Fund Administration Subcommittee shall have access only to the aggregate data to oversee the management of the fund. Therefore, the monthly reports provided by the Administrator to the Fund Administration Subcommittee will be an aggregate of SLITSF revenue and cost data.

The Administrator shall make all SLITSF data request and/or settlement information available only to the Commission and to the auditors to perform an annual audit of the SLITSF. The Administrator will send a detailed monthly report to the PSC Staff. The Administrator will not provide any SLITSF data, aggregate or otherwise, to any other person except as noted above, without the consent of the company(ies) whose data is requested.

#### **4. RETENTION OF RECORDS**

The Administrator shall maintain the records it receives from the SLITSF Participants for a period of not less than six years. The records are to be securely stored so as to protect the confidentiality of any and all proprietary data. See "Interexchange of Data" above.

All records and data are to be provided by the Administrator to the Commission and FCC when requested.

#### **5. CERTIFICATION PROCESS**

SED will identify to the Administrator and the telecommunications carriers those schools and libraries eligible for discounts and the level of discounts to which those institutions are eligible. This notification should occur as soon as possible, but no later than thirty days after the issuance of the Order.

#### **6. SERVICES ELIGIBLE FOR DISCOUNTS ("All regulated intrastate telecommunications services")**

Examples of Telecommunications Services:

- 1 MB
  - installation (non-recurring charge)
  - usage
  - monthly access fee
- Vertical services/"custom calling" features
- Leased Lines (56K to T3)
  - mileage charges

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- usage (per minute)
- installation
- ISDN (basic & primary rate)
- Inside wire (where provided by LEC)
  - maintenance
  - installation
- Video services
  - such as multi-channel video
- ADSL
- ATM and Frame Relay
- Internet access
  - Connection to ISP (only loop, local & toll usage)
  - Not including any ISP charges
- Intrastate toll services
- Voice messaging
- WATS/Toll-free service
- Centrex
- WAN/LAN connections (leased/tariffed facilities)
- Wireless
  - access
  - internal connections (leased facilities)

### **III. REVENUE REPORTING**

#### **A. SLITSF REVENUE ASSESSMENT**

SLITSF Participants shall assess the SLITSF Surcharge on all regulated retail end-user revenues. The charge shall be an explicit item on customer bills. The SLITSF Surcharge shall be known as

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the Services Accessibility Surcharge (SAS). Each SLITSF Participant shall report the total assessable SAS revenues, regardless of the amount billed or collected. The amount reported may be reduced only by the historic percentage of uncollectible experienced by the SLITSF Participant.

Companies whose assessable revenues are less than \$10,000 annually shall not bill or remit the SLITSF Surcharge. When the annualized revenue exceeds \$10,000, the company shall file appropriate tariffs to start billing and remitting SLITSF Surcharge revenues. This dollar threshold is designed to reduce excessive administrative expense involved in collection efforts for minimal revenue.

SLITSF Participants whose assessable revenues are between \$10,000 and \$25,000 annually shall remit assessments on a quarterly basis. All other Participants shall submit their assessable revenues monthly.

The Administrator shall file or aid in the filing of necessary tariffs for the SAS. All telecommunications carriers that wish to concur in this tariff shall be able to do so.

#### **B. REPORTING REQUIREMENTS**

SLITSF Participants shall provide all requested SLITSF Revenue and Cost data reports on a monthly basis or as otherwise authorized by the Administrator. The Administrator shall distribute a reporting schedule for all data requests. All data request report forms shall be developed by the Administrator and distributed to all SLITSF Participants. The SLITSF Participants shall submit the completed data request forms via the method (E-Mail, Fax or Mail) as approved by the Administrator.

#### **IV. TARGETED PROGRAM COSTS**

The SLITSF is designed to provide funding to all SLITSF Participants for all approved costs incurred in the provisioning of the School and Library Discount Program. Any SLITSF Participant that recovers such costs under this plan is considered to be a "SLITSF Recipient", regardless of whether such SLITSF Participant has a positive or negative cash flow with the SLITSF.

#### **V. ADMINISTRATIVE OPERATIONS AND PROCEDURES**

##### **A. PROCESSING**

1. The Administrator shall maintain schedules for SLITSF Participant reporting (See also Section III. B). In order to assure adequate processing time, monthly data reports are due

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to the Administrator no later than seven business days before the end of the month. If necessary, the Administrator will contact SLITSF Participants' representatives when data is delinquent. Such contact may include telephone, E-Mail and/or a fax notification.

2. The Administrator shall create and distribute standardized reporting forms for Monthly Data Requests, Annual True-Ups and any additional data requests as may be deemed necessary.
3. The Administrator shall review preliminary data furnished by all SLITSF Participants for reasonableness and question any irregularities. However, the Administrator may not refuse to accept reasonable data furnished by any SLITSF Participants for preliminary SLITSF Settlement.
4. The Administrator shall determine the SLITSF Settlement on a monthly basis and issue invoices accordingly to all SLITSF Participants. For SLITSF Participants with annual assessable revenues between \$10,000 and \$25,000, the SLITSF Settlement will be on a quarterly basis. For companies with less than \$10,000 see Section III. A. above.
5. In order to issue timely invoices, the Administrator may be required to estimate financial data for any SLITSF Participant that is delinquent in reporting. Should an estimate need to be used, the Administrator shall use the previous months data. The delinquent SLITSF Participant shall be notified as part of the billing invoice when an estimated amount has been used. The delinquent SLITSF Participant is required to accept the estimated financial data for SLITSF Settlement purposes, as they will have the opportunity to correct the data with subsequent reports (either monthly or annually).
6. In general, the SLITSF Settlements will be true-up on an annual basis. For the first year of operation only, the SLITSF True-Up shall be performed semi-annually.

The SLITSF Participants shall report the final annual SLITSF Revenue and SLITSF Cost to the Administrator. When submitting the annual report, SLITSF Participants shall adjust their estimated uncollectible amounts to reflect the actual experience. The Administrator shall true-up the annual settlement figures and apply any over-recovery to the SAS rate development for the following year.

7. The Administrator shall advise the Fund Administration Subcommittee and SLITSF Participants of any significant changes in operations (i.e., SAS Revenue, SLITSF Cost, etc.) reported to the Administrator which would affect SLITSF Settlement.
8. The Administrator shall review requests for SLITSF Settlement adjustments to determine if adjustment is warranted.

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9. Each month, the Administrator shall provide monthly SLITSF summary data to the Fund Administration Subcommittee and the Staff.
10. No later than three months after close of fiscal year, the Administrator shall provide the SLITSF Settlement report for the prior calendar year to the Commission. The Administrator shall first provide this annual SLITSF Settlement report to the Fund Administration Subcommittee for review and approval.
11. The Administrator will have access to all data underlying the reported SAS Revenues and Costs submitted for recovery. The Administrator, when necessary, will perform onsite review of the Participant's SLITSF Revenues and Costs to ensure compliance with SLITSF procedures.

**B. BILLING AND COLLECTION**

1. The Administrator shall issue monthly invoices to all SLITSF Participants on the first business day of each month.
2. Payments due to the SLITSF are "Payable Upon Receipt" and should be received from SLITSF Contributors within ten business days following receipt. Amounts greater than \$1,000 shall be issued in the form of a direct wire deposit to the specified SLITSF bank account established by the Administrator. Payments received after the due date (ten business days) will be assessed late payment charges.
3. Late payments are subject to late payment penalties. The penalty factor shall be the lesser of:
  - a. The highest interest rate (in decimal value) which may be levied by law for commercial transactions for the number of days from the first date to and including the last date of the period involved, or
  - b. 0.00059 per day for the number of days from the first date to and including the last date of the period involved.
4. The Administrator shall take all necessary steps to contact a SLITSF Contributor if a payment is delinquent. Such contact may be made by telephone, E-Mail and/or a fax notice being sent to the SLITSF Participant representative.
5. The Administrator shall inform the Fund Administration Subcommittee when a SLITSF Participant is excessively delinquent in remitting payments to the SLITSF.



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**C. DISBURSEMENTS**

1. The Administrator shall plan to disburse SLITSF funds to SLITSF Recipients on the fifteenth business day of each month. Initially, the disbursements may be on the first business day of the following month.
2. If necessary, the Administrator will use the SLITSF Reserve described in C.1. preceding to ensure timely disbursement of SLITSF payments in the event that a SLITSF Contributor's payment is delinquent.
4. In the event that the SLITSF Reserve is insufficient to cover delinquent payments from SLITSF Contributors, disbursement of SLITSF Payments may be delayed if the predetermined criteria described in C.3 above are not met.
5. Each month a SLITSF settlement report will be processed as shown in "Exhibit A". This report is for the internal for the use of the Administrator and the Staff only. Individual SLITSF Participants will only receive their own and aggregate SLITSF fund data.

**E. OTHER PROCEDURES**

1. The Administrator shall maintain a database of all SLITSF Participants, their company contacts/ representatives and their addresses, facsimile and phone numbers.
2. The Administrator shall (a) inform the Fund Administration Subcommittee when a new company becomes a SLITSF Participant, (b) indoctrinate the new SLITSF Participants concerning their requirements and obligations to the SLITSF, and (c) review the new SLITSF Participant's initial data request responses to assure compliance with the prescribed procedures and that the responses are reasonable and acceptable.
3. The Administrator shall inform the Fund Administration Subcommittee when SLITSF reporting data is not received from SLITSF Participants in accordance with the SLITSF Participant reporting schedule.
4. The Administrator shall furnish any data to the Staff upon request. The Administrator shall inform the SLITSF Participant of such requests except where the data being submitted to Staff is required on a routine basis (e.g., monthly SLITSF Settlements).
5. The Administrator shall summarize forecasted SLITSF data submitted by SLITSF Participants and provide to the Fund Administration Subcommittee the estimated annual and monthly settlement information.

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6. When a SLITSF Participant requests interpretation of SLITSF procedures the Administrator shall make a recommendation. Any SLITSF Participant which disagrees with the recommendation of the Administrator may refer the matter to the Fund Administration Subcommittee for further clarification. If still not satisfied, the SLITSF Participant can take the matter to the Oversight Committee and, eventually, to the Staff.
7. Approval shall be obtained from the SLITSF Participant before providing its settlement data to any other individual, company or industry related organization, with the exception of the Commission and/or Staff.
8. Any mergers and acquisitions that may affect the funding of the SLITSF shall be reported to the Administrator. The SLITSF Participants involved in a merger/acquisition will be responsible for coordinating the dissemination of appropriate data including the appropriate company contact/representative for ongoing SLITSF operations.

**F. APPLICATION OF ADMINISTRATIVE FEES**

1. Upon completion of the SLITSF funding mechanism planning, the Administrator shall develop a forecasted budget for the administration of the SLITSF on a cost basis only.
2. The expenses incurred for the administration of SLITSF shall be included with other SLITSF Costs in the development of the SAS. These expenses shall include both direct (e.g., direct labor, meetings, bank fees, audits, materials, telephone charges, etc.) and indirect (e.g., labor, rents, wages, miscellaneous office supplies, telephone charges, etc.) allocation of SLITSF administrative expenses as determined by the Administrator.
3. The Administrator shall maintain a record of direct and allocated costs incurred in administering the SLITSF on a monthly basis. A report pertaining to those expenses will be submitted to the Fund Administration Subcommittee.

**G. ACCOUNTING**

1. The Administrator shall maintain a separate bank account for the SLITSF. The Administrator shall process the receipt and disbursement of SLITSF transactions in unique accounts so as to maintain a readily trackable record of the SLITSF operation. An annual audit will be performed for SLITSF accounts.
2. A summary of the monthly SLITSF cash flow shall be provided to the Fund Administration Subcommittee. Included with the summary will be a report providing delinquencies of SLITSF payments.

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**H. COMPETITIVE BIDDING**

Schools and libraries shall comply with the existing provisions and procedures of the general Municipal Law requiring competitive bids and contracts. In addition, schools and libraries can take advantage of the general Municipal Law that allows schools and libraries to purchase equipment and services through the competitively bid contracts of the state Office of General Services.

**I. POSSIBLE TIME LINE FOR IMPLEMENTATION OF STATE PLAN**

**PCS Order:** Issued on July 1, 1997

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| <b>9/1/97</b>   | Implement SLITSF<br>Begin billing surcharge on all appropriate bills issued on or after 9/1/97   |
| <b>10/1/97</b>  | Remit September surcharge revenues to the Administrator using forms submitted to the companies. This is the only month the carriers shall remit revenues along with the reporting forms. In subsequent months, carriers shall be billed by the Administrator.<br><br>Begin issuing discounts to the schools and libraries for telephone company bills rendered on or after 10/1/97 |
| <b>11/1/97</b>  | Report October surcharge revenues and costs (discounts) to the Administrator   |
| <b>11/10/97</b> | Administrator calculates settlements and issues billing invoices and/or settlement checks for net of revenue and costs for October, 1997 data.   |

## **Technical Assistance Activities\* to support implementation of Telecommunication Act**

- *Program Information* -- SED and other regional and statewide organizations will provide frequent mailings and public information advisories to all schools and libraries informing them of developments and requirements with the state and federal discount programs. Materials will also include service providers in area, service offerings, rates, etc.
- *Billing* -- Working groups composed of representatives from schools, libraries, and telecommunications companies will develop the necessary data elements and billing procedures in accordance with the Act.
- *Accounting/Reporting*. The accounting and reporting systems in schools and libraries currently do not identify nor disaggregate telecommunications costs. Mailings, technical advisories, and workshops will be developed to assist schools and libraries to identify their current and projected telecommunications costs and needs by the start of the program in September/October.
- *Telecommunications Services*. Mailings, workshops, web sites, briefings, etc. will be developed for school administrators, teachers, and librarians to make them knowledgeable of, and comfortable with, the technical aspects of telecommunications services.
- *Infrastructure/Building Rehabilitation*. SED will sponsor a "smart building" conference to enable school and library officials from across the state to learn about the latest technologies for wiring schools and libraries. In effect, the conference will present future visions of how classrooms and library spaces will look in the year 2000, thereby assisting them in their facilities planning.
- *Planning*. Most important, SED and local educational organizations will establish several initiatives, including a statewide teleconference and regional conferences, on how schools and libraries can integrate technology into their curriculum and assessment activities to improve instruction and school performance.

\* To be provided by all members of the New York Committee for Schools and Libraries